An Introduction to the Office of MaineCare Services

Maine Department of Health and Human Services

Prepared for the

128th Legislative Session

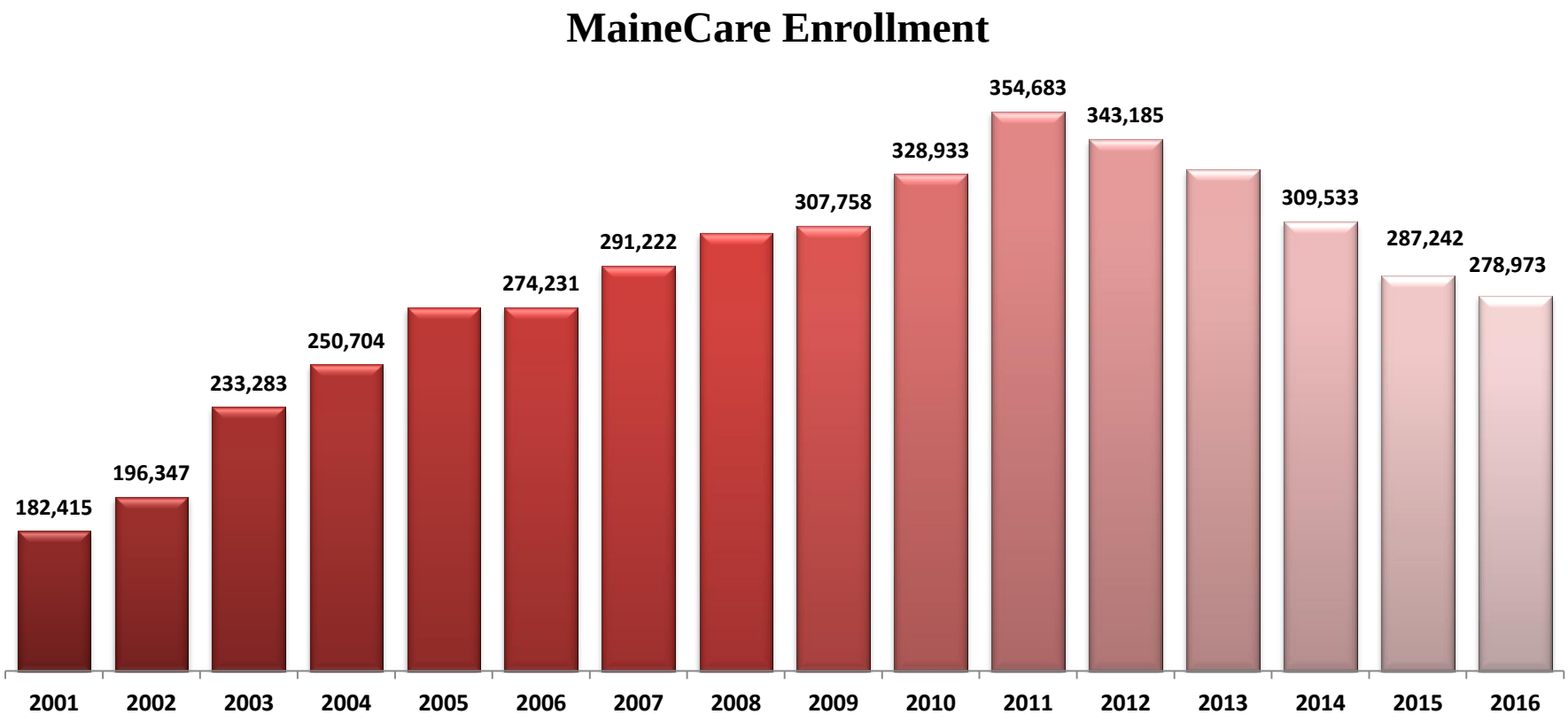
January 2017

Stefanie Nadeau, Director

Department of Health and Human Services
Maine People Living Safe, Healthy and Productive Lives
Paul R. LePage, Governor
Mary C. Mayhew, Commissioner

MaineCare Services (Medicaid)

MaineCare, Maine's Medicaid program is jointly funded by the federal government's Centers for Medicare and Medicaid Services (CMS) and the state. MaineCare provides health care coverage for Maine's children and adults who are elderly, disabled, or with low incomes.



MaineCare: People Served, Services Provided

Federal Medicaid law requires states to cover the following services:

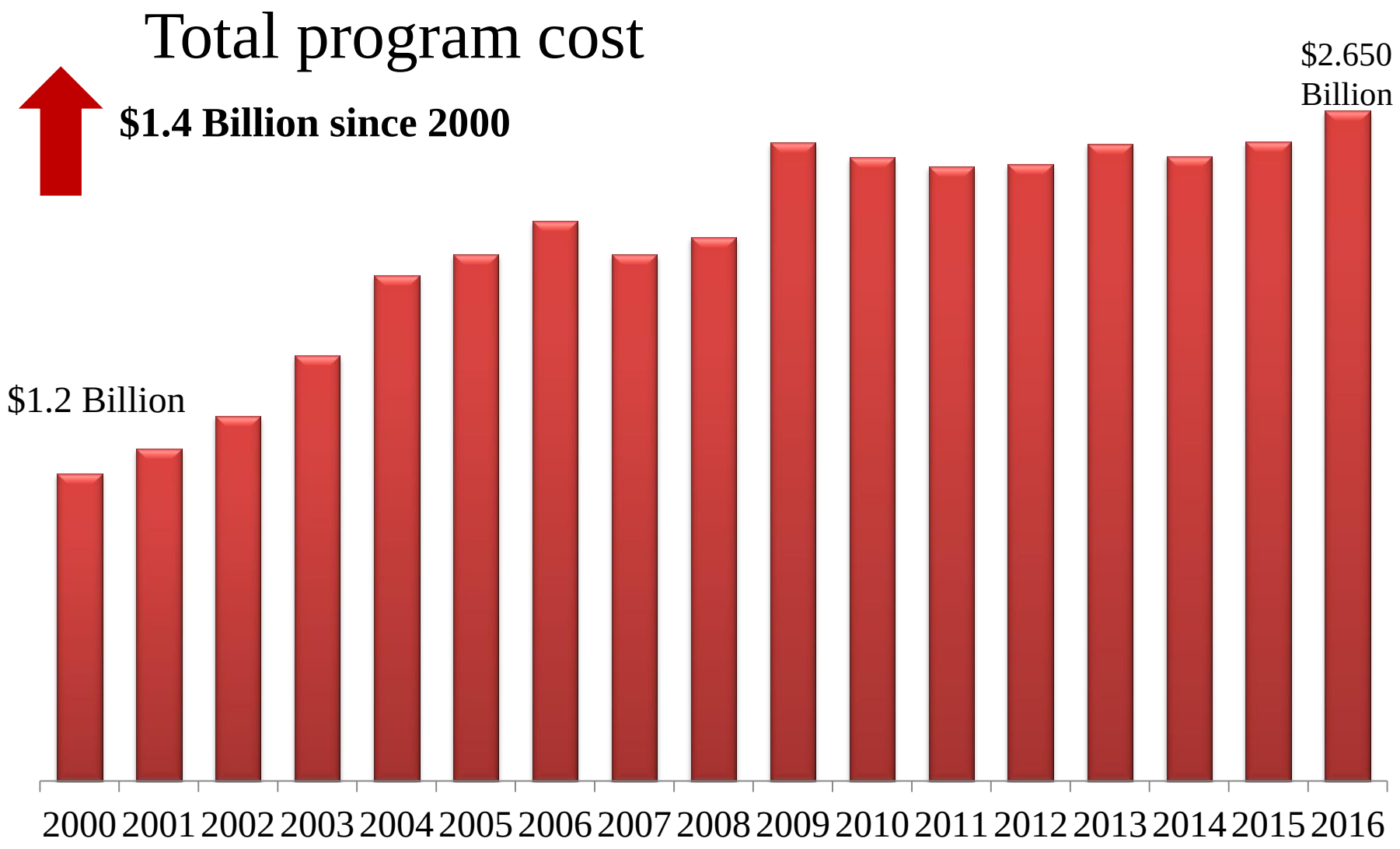
- Inpatient hospital care
- Outpatient hospital care
- Physician services
- Nurse mid-wife and nurse practitioner services
- Federally Qualified Health Centers/Rural Health Centers
- Laboratories and x-ray services
- Nursing Facility services (age 21 and older)
- Home Health Services (including related supplies and equipment)
- Transportation to medically necessary services
- Early Periodic Screening Diagnosis and Treatment (<21)
- Family Planning
- Tobacco Cessation

MaineCare: People Served, Services Provided

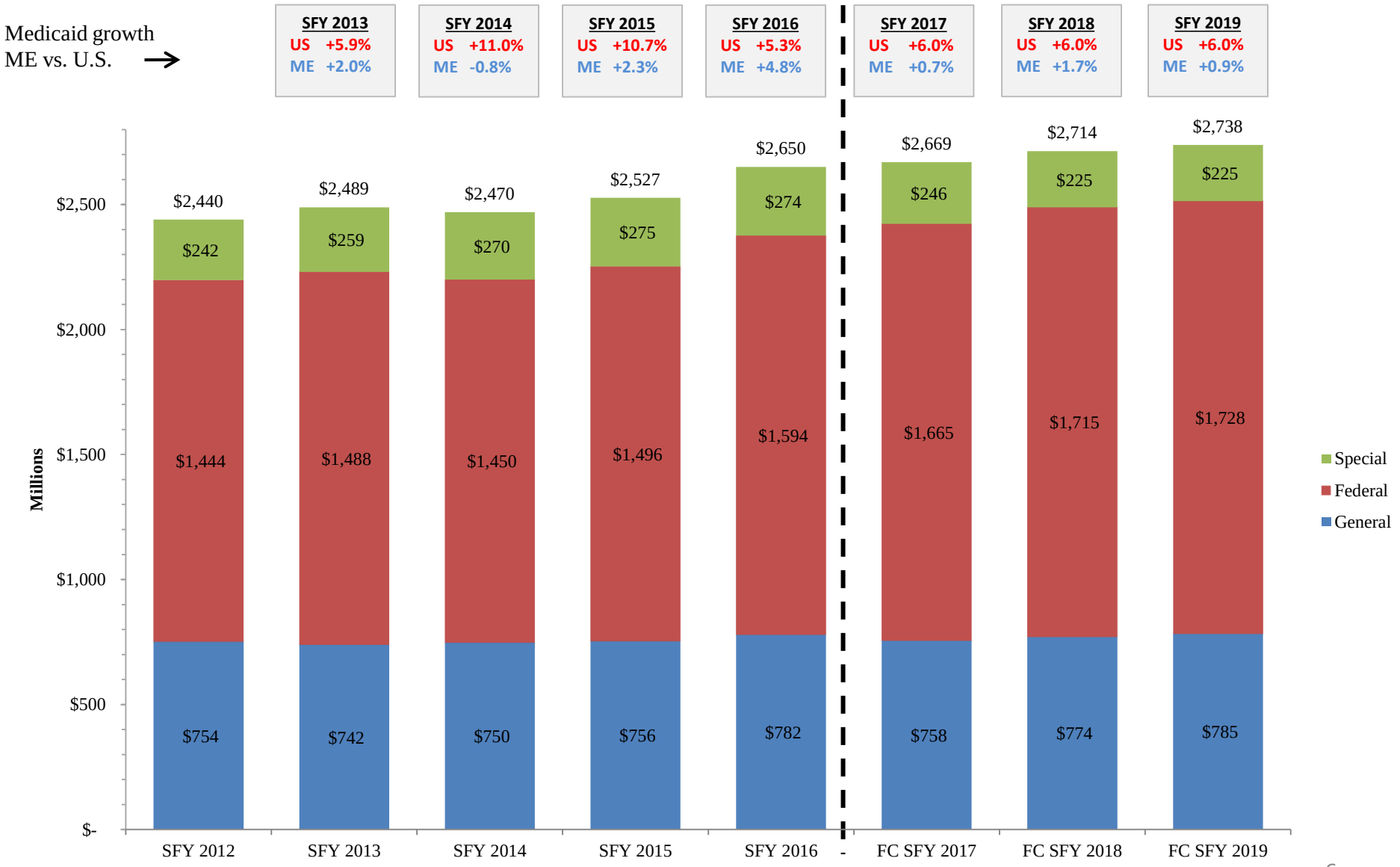
MaineCare Optional Services Include:

- Prescription Drugs
- Chiropractors
- Podiatrists
- Diagnostic Services and Screening
- Preventative services
- Rehabilitative services
- Clinic services
- Dental services (limited for adults)
- Dentures
- Physical and occupational therapy
- Speech, language and hearing services
- Prosthetic devices, including eyeglasses
- Inpatient psychiatric care for people under 21 and over 65 (adults 21-64 not covered by Medicaid)
- ICF/IID
- Case management services
- Private Duty Nursing
- Personal care services
- Hospice care
- Home and community based services (habilitation)
- Primary care case management services
- Respiratory care (for ventilator-dependent)
- Eye care

MaineCare: Historical Budget Growth



MaineCare: Spending Stabilized

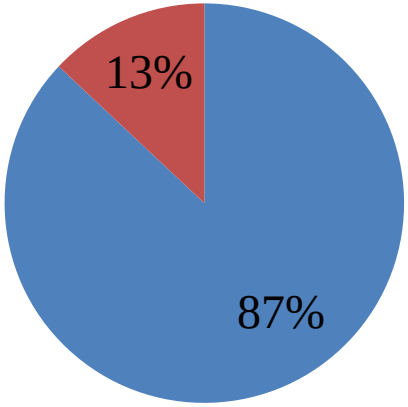


MaineCare: Crowding Out Other Spending

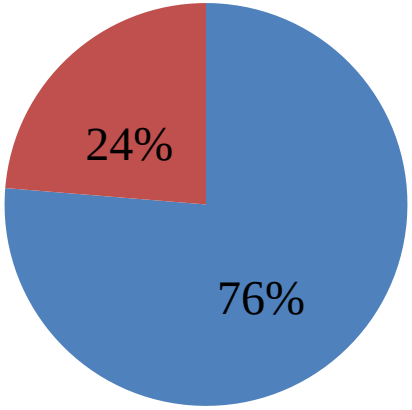
- The amount of Maine taxpayer dollars needed to support Medicaid spending has increased significantly in recent years, crowding out other core state priorities.

- MaineCare did not account for a double-digit percentage of Maine's annual General Fund spending until 1994. In 1986, MaineCare spending comprised 8% of the General Fund.

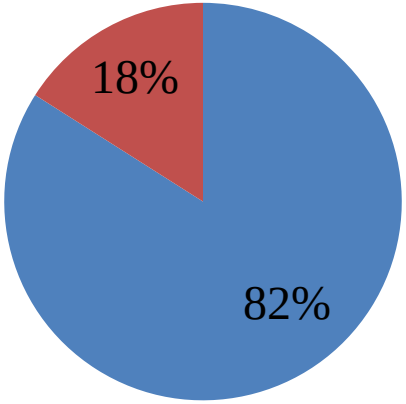
MaineCare - 1998



MaineCare - 2016



National Average

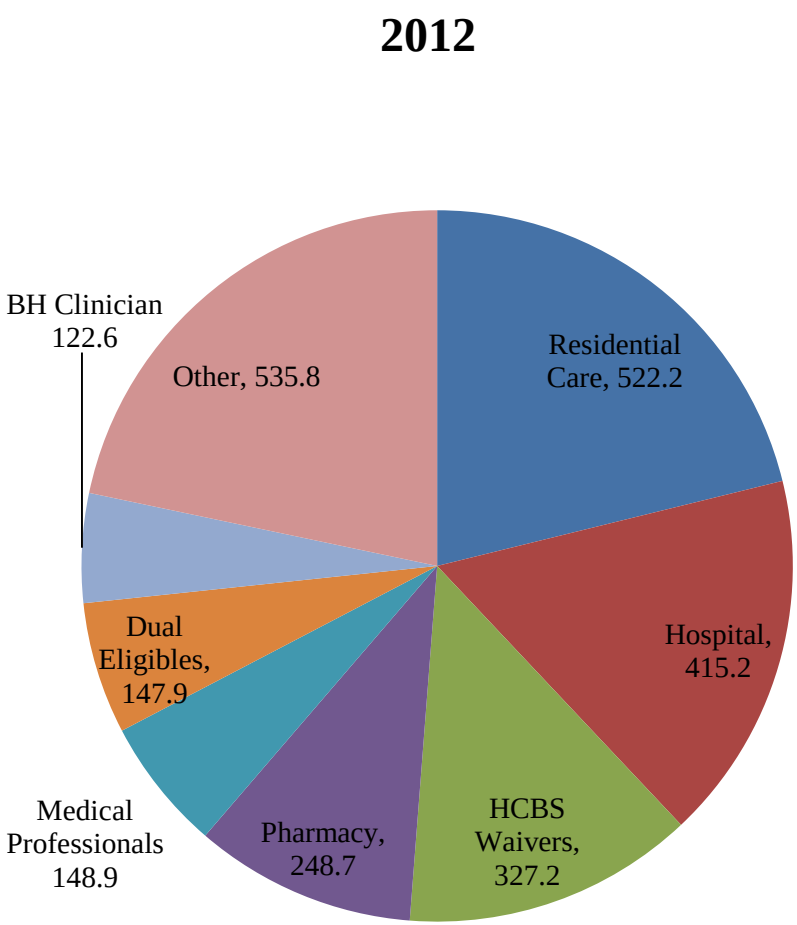


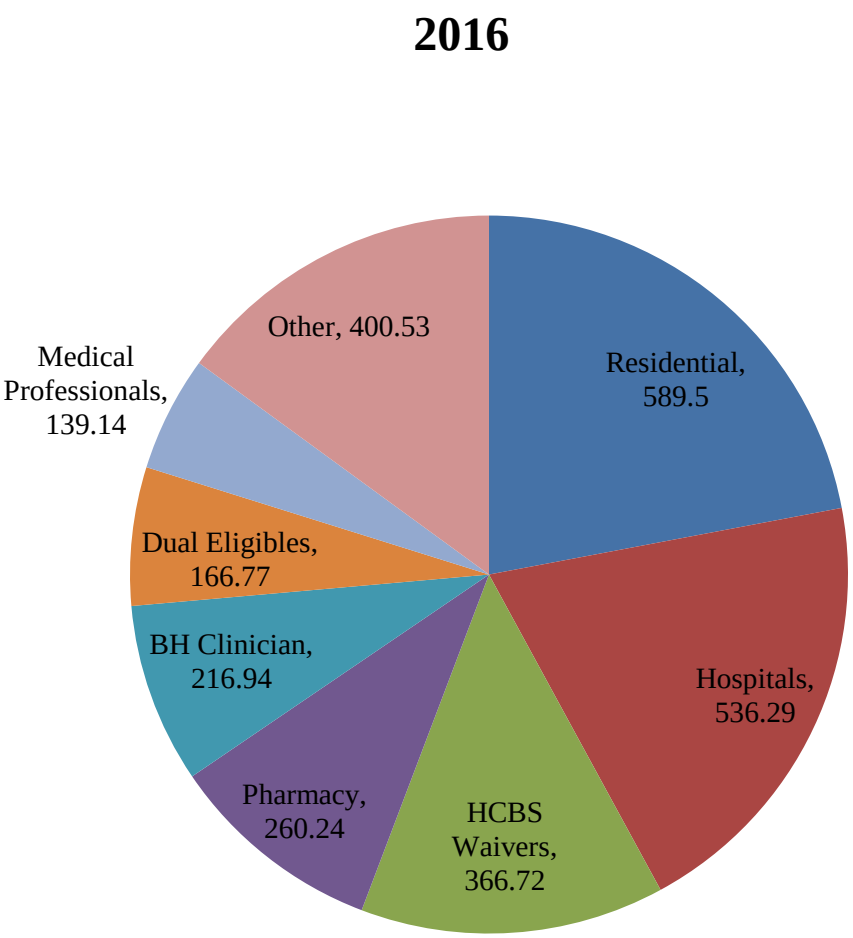
Medicaid Spending as a Percentage of the General Fund

All Other General Fund Spending

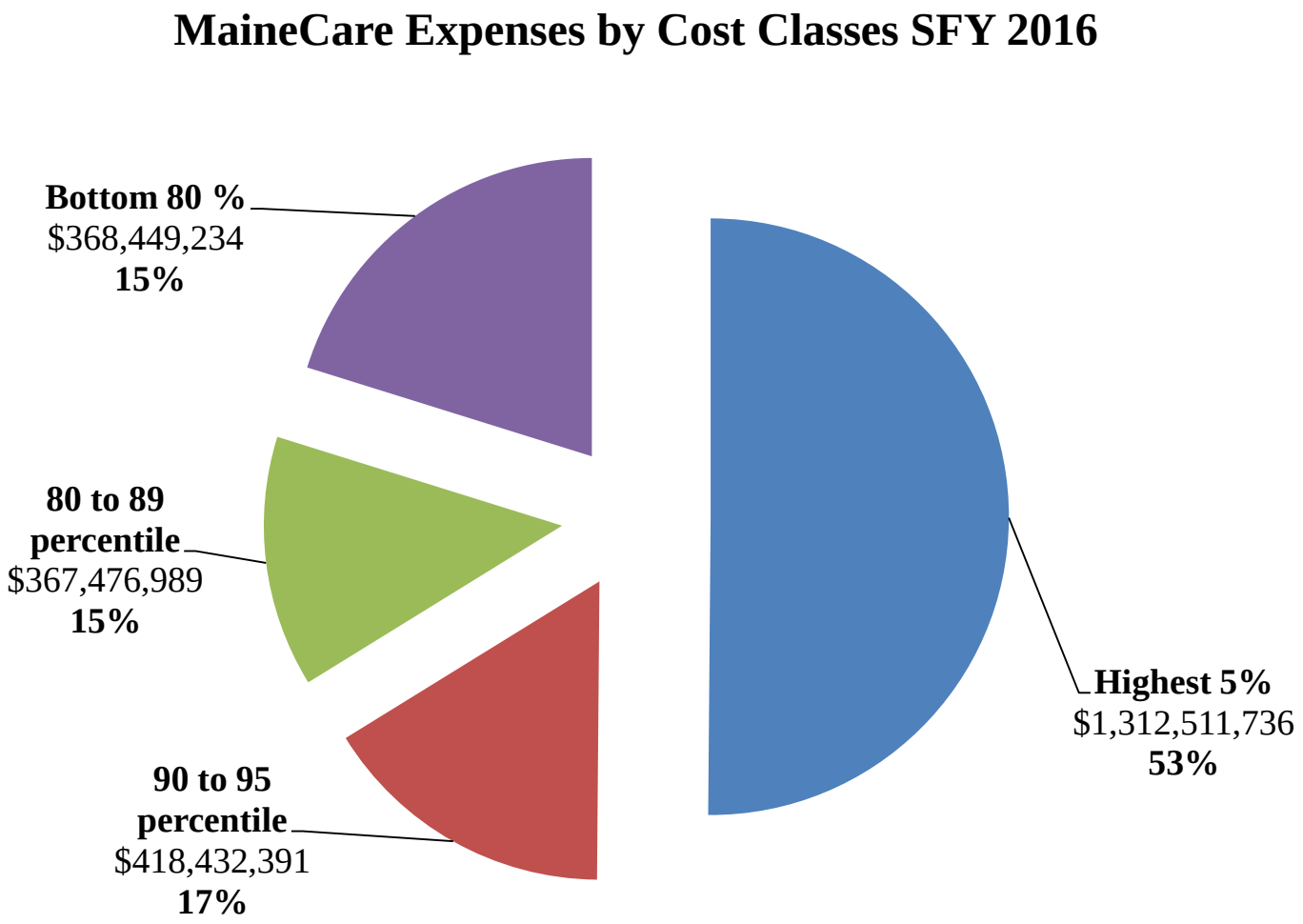
Source: *National Average derived from the Kaiser Family Foundation's "State Health Facts;" http://kff.org/other/state-indicator/distribution-of-general-fund-spending.*

MaineCare: Historical Expenditures Service Provider (Millions)* 2012 vs. 2016

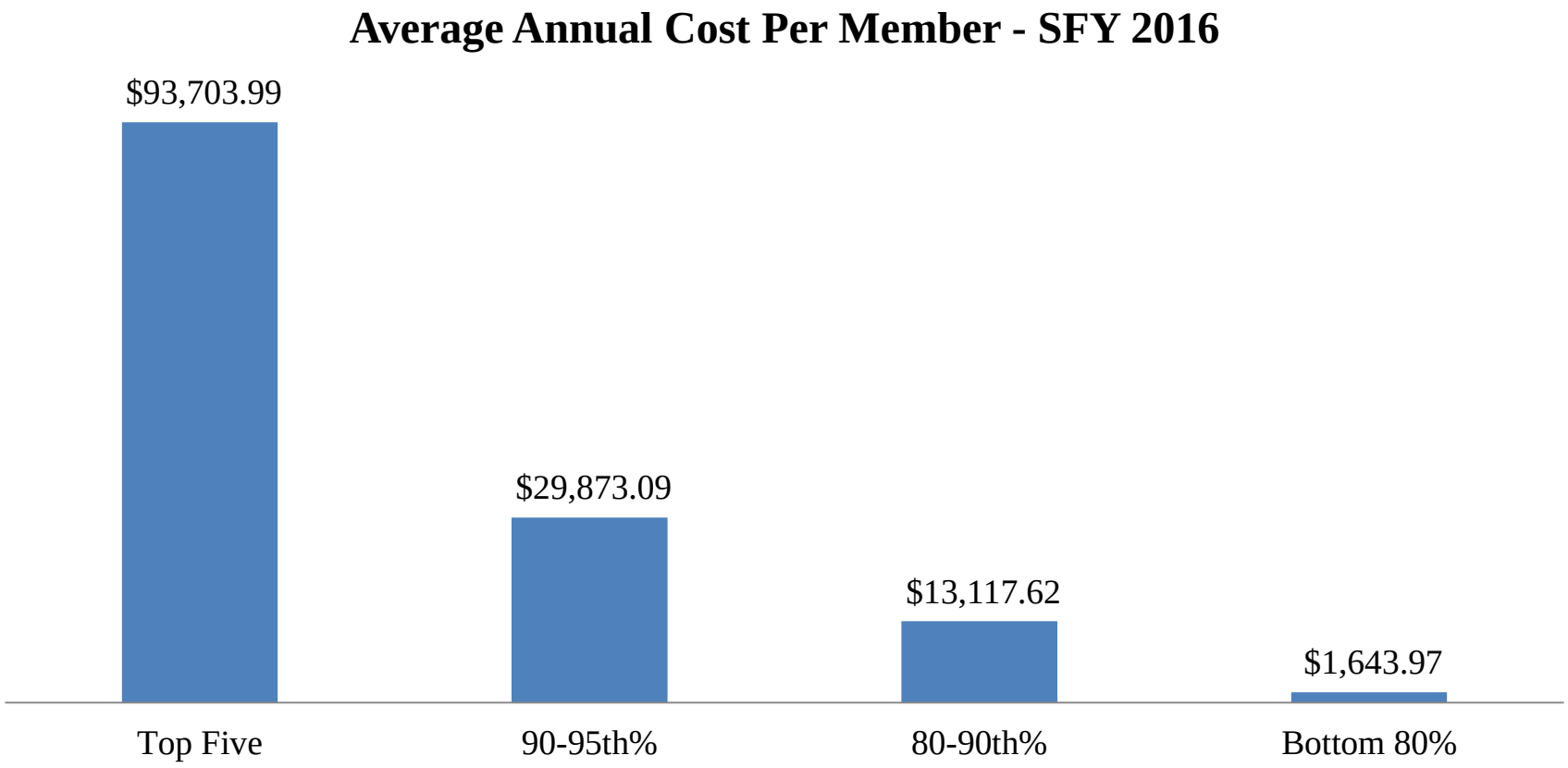




MaineCare: 20 percent of Members Account for 85 Percent of the Costs



MaineCare: High-Cost Utilizers (cost per member)

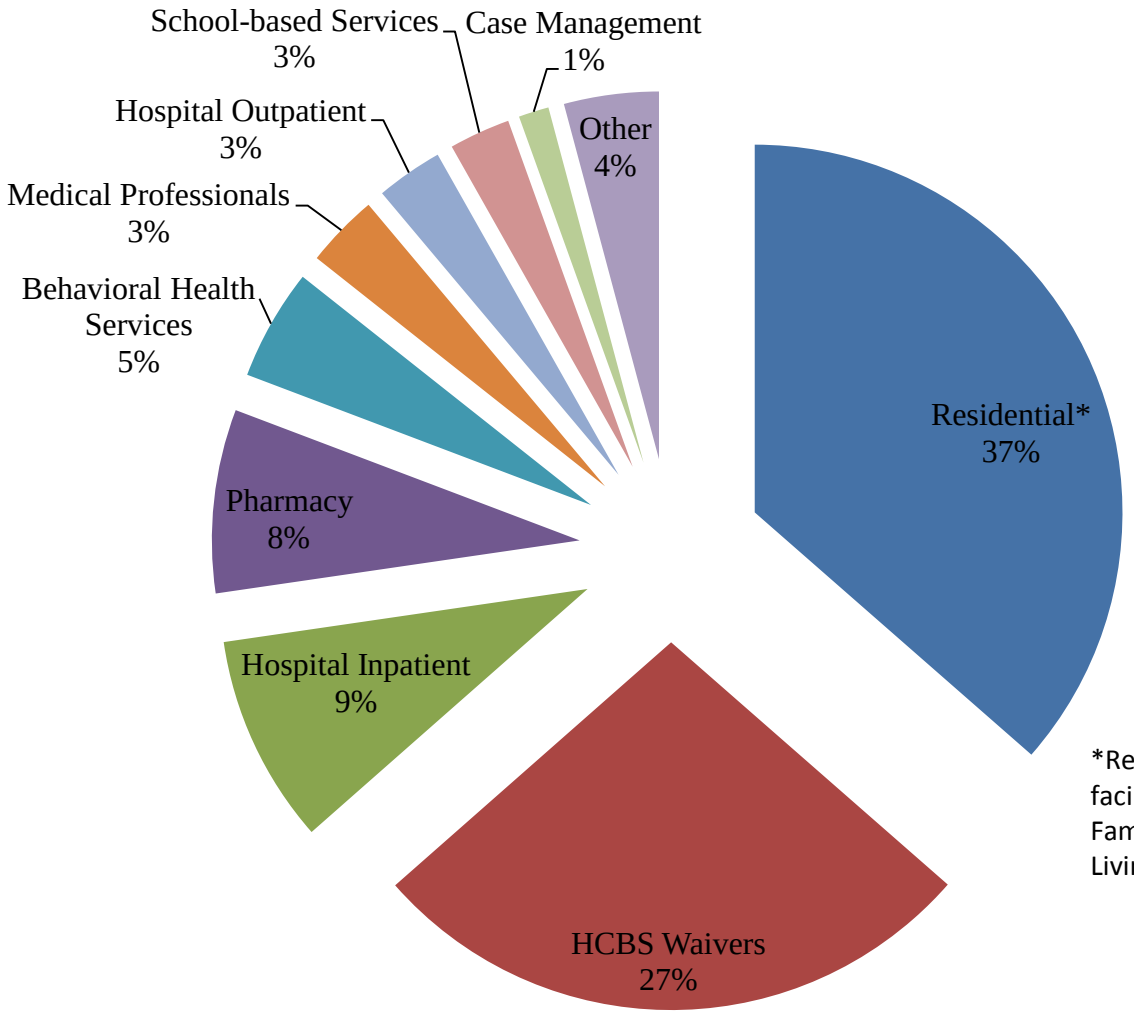


Cost PMPM	Top 5	90 to 95%	80 To 90%	Bottom 80%
	$7,809	$2,489	$1093	$137

MaineCare: Top Ten Clinical Conditions by Total Payment

MaineCare Top Clinical Conditions by Payment, SFY2016				
	Highest 5%	**90-95%**	**80-90%**	**Bottom 80%**
Mental Health – Total	$357,906,489.14	$130,771,532.26	$114,282,517.69	$80,524,614.03
Neurological Disorders, NEC	$357,021,143.26	$32,470,165.09	$13,057,964.15	$3,467,753.90
Dementia, Primary Degenerative	$63,094,060.03	$21,595,665.83	$5,266,153.77	$846,673.74
Signs/Symptoms/Oth Cond, NEC	$34,277,744.98	$18,731,993.16	$16,775,795.43	$17,673,724.11
Prevent/Admin Hlth Encounters	$8,400,503.79	$5,272,039.17	$7,598,272.87	$26,765,612.76
Diabetes	$20,171,837.92	$14,034,532.67	$7,374,713.46	$3,128,812.85
Cerebrovascular Disease (stroke)	$28,338,379.38	$6,301,663.50	$2,529,145.85	$745,033.24
Newborns, w/wo complications	$16,389,383.42	$3,234,945.43	$6,148,734.79	$8,633,333.22
Gastroint Disord, NEC	$8,587,070.36	$5,493,474.57	$7,390,049.27	$8,411,328.46

MaineCare: Service Utilization for Top 5 Percent of High-Cost Users = $1.3 Billion



*Residential includes: nursing facilities, PNMIs, ICFs, Adult Family Homes, and Assisted Living

MaineCare: Priorities

The federal Centers for Medicare and Medicaid Services (CMS) directs the Medicaid program to serve individuals who are most in need: the elderly, the disabled, and parents and children with limited financial means. In recent years, the LePage administration has focused its priorities for the MaineCare program on:

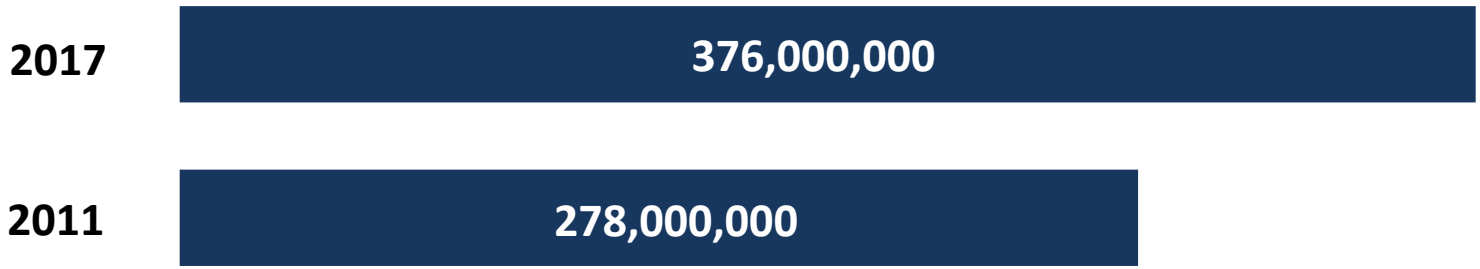
- Individuals with intellectual disabilities who are on waitlists for services
- Assuring that aging Mainers have the means to age in place, but that residential facilities are available should they need assistance late in life
- The investment in enhanced primary care reimbursement, which this administration committed to continuing after the expiration of federal funding

MaineCare: Priorities

Developmental Disabilities – Since 2011, reimbursement for services to Mainers with developmental disabilities has increased by nearly **$100 million, a 35% increase – serving an additional 1,050 of Maine's most vulnerable.**

→ 2017 Projected Reimbursement: $376 million; 5,178 members served by Section 21 and 29.

→ 2011 Reimbursement: $278 million; 4,128 members served by Section 21 and 29.

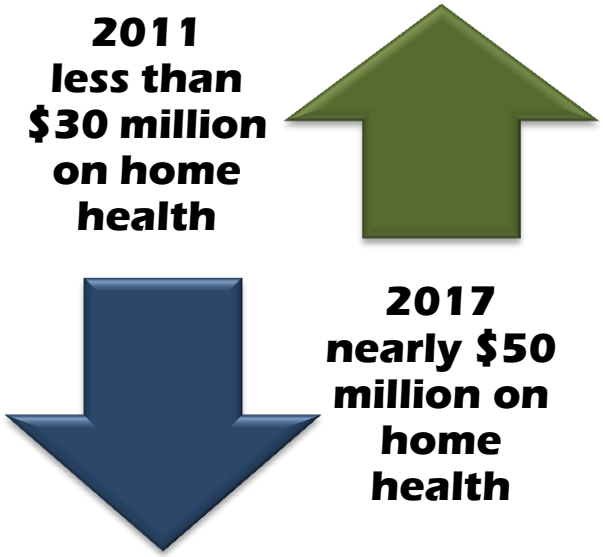


MaineCare: Priorities

Nursing Facilities – Since 2011, the LePage Administration has **invested an additional $90 million** in nursing facilities – an increase of 47%.

→ 2011 Reimbursement: $197 million

→ 2016 Reimbursement: $291 million



Home Health Services – Since 2011, reimbursement to home health agencies has increased by $20 million, or 60%, ensuring adequate rates for home health agencies to continue providing essential services to Maine's elderly.

→ 2011 Total reimbursement: $29 million.

→ 2017 Projected reimbursement: $47 million.

*Not all home health services are funded through Medicaid

MaineCare: Priorities

Primary Care Rates – After a temporary 2 year rate increase for primary care doctors paid for by the federal government expired, Maine DHHS prioritized this increased reimbursement in our budget proposal in order to encourage primary care physicians to treat MaineCare members. **$8 million per year** was dedicated to these rates helping to ensure that MaineCare members have access to essential, preventative health care services.

Health Homes – Additionally, this Administration has significantly invested in a 21st Century primary care model, to support more effective care management of MaineCare members with chronic diseases which reduces expensive use of the healthcare system, such as emergency rooms. DHHS is dedicating more than **$20 million per year** to this effort of improving care and outcomes for MaineCare members.

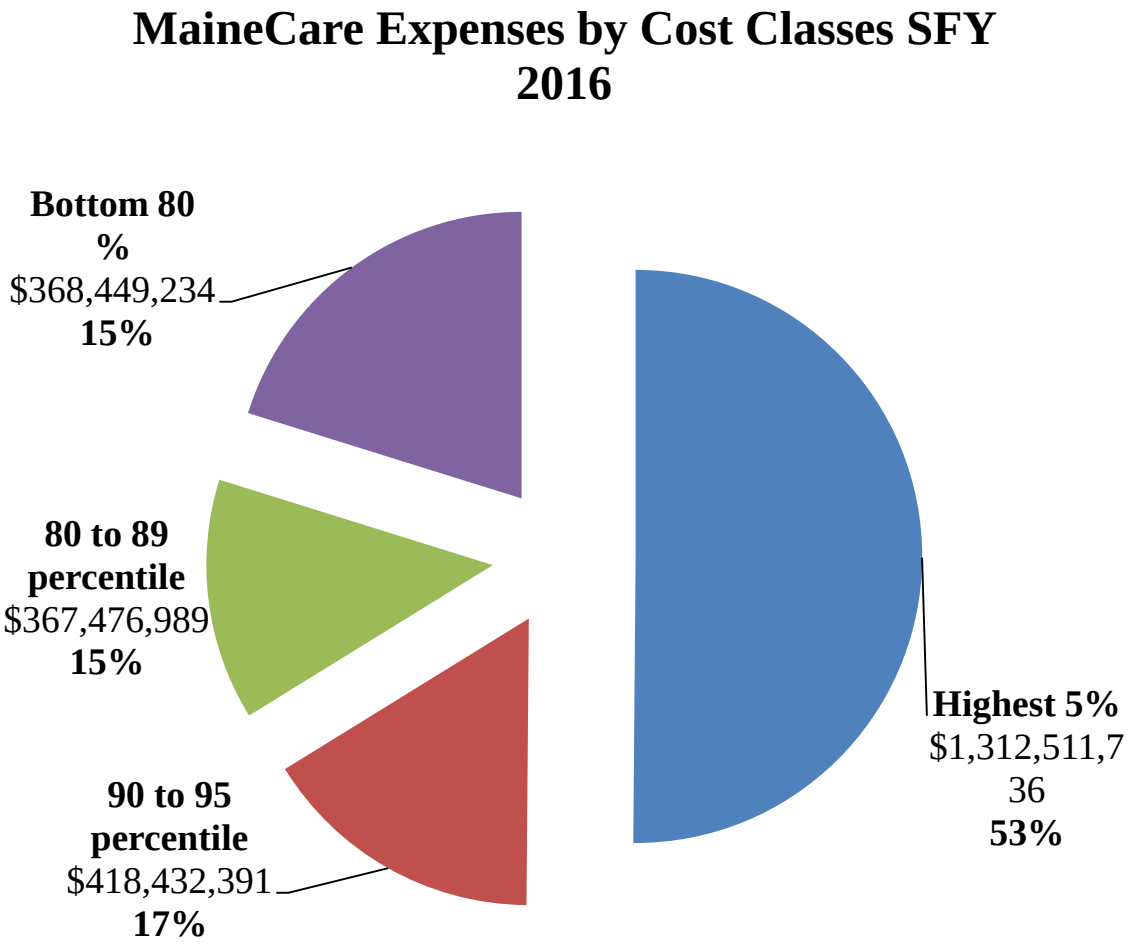
Paying our Debt and Paying on Time – By focusing on disciplined financial management and driving key efficiencies, DHHS has made each of these investments while at the same time achieving fiscal stability. Unlike the annual $50 to $100 million shortfalls experienced by other administrations, ***Maine DHHS has stabilized its budget and balanced its books.*** In 2011, the LePage Administration successfully advocated for **$250 million to ensure MaineCare paid its bills to hospitals on time and stopped the accumulation of unpaid bills to hospitals.** Additionally, the Administration repaid $750 million in debt to Maine's hospitals, a key priority from day-one of the LePage Administration.

MaineCare: Value-Based Purchasing Approach

Twenty percent of MaineCare members incur 87% of costs, and often represents individuals with one or more of the following conditions: diabetes, mental illness, substance abuse, heart disease.

To move the MaineCare program away from a system based on rewarding volume to one that is focused on quality and efficiency, MaineCare has implemented a Value-Based Purchase strategy that includes the following initiatives:

- Emergency Department (ED) Care Collaborative
- Health Homes (HH)
- Accountable Communities (AC)



MaineCare's VBP Strategy's Focus: Three Major Components

Create Accountable Communities

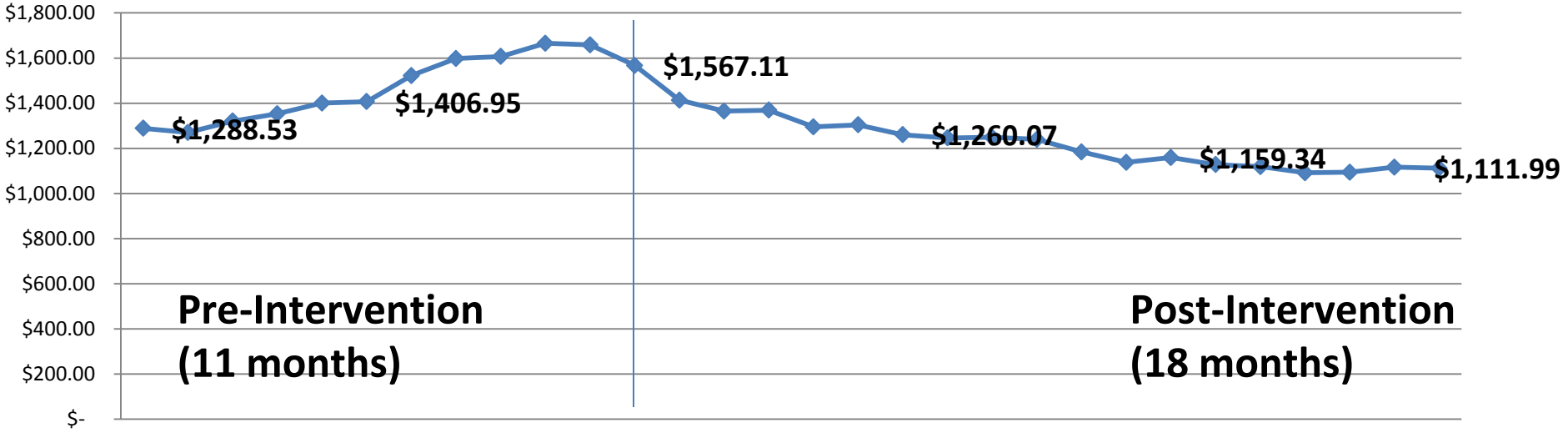
Improve Transitions of Care

- ED Collaborative Care Management Initiative
- Health Homes focus
- Learning opportunities
- Payment reform discussion

Strengthen Primary Care

- Health Homes Initiative
- Patient-Centered Medical Homes
- Community Care Teams
- Reform of Primary Care Provider Payment

MaineCare: ED Care Collaborative



*The above graph represents outcomes for the 2,172 members that have received 18 months of intervention. Per member, per month costs represent outcomes at a specific point in the intervention process: 11 months pre-intervention, 6 months pre-intervention, start point, 6 months post-intervention, 12 months post-intervention and 18 months post-intervention. This graph does not represent costs at a specific point in time (i.e. November, 2016). This graph includes MaineCare incurred claims data as of November, 2016.

- Collaborate with hospitals, providers, community and family resources and MaineCare staff to reduce avoidable trips to the Emergency Department.
- Average number of ED visits per month during pre-intervention: **2,256**, this population.
- Average number of ED visits per month during post-intervention: **1,301**, this population.
- Most visits by a single member during pre-intervention: **95**, reduced to **19** during post-intervention.
- Members managed: **2,172** this population, **3,568** total since program inception.
- Savings realized: **$19.2 million** (**$7.2 million** in State Funds) since program inception.

Sample of Data Reported to Each Hospital

MaineCare Emergency Room Care Management Collaborative
Pre and Post Intervention Report by Hospital - ER Visits

Billing Prov NPI ID: 1154321545

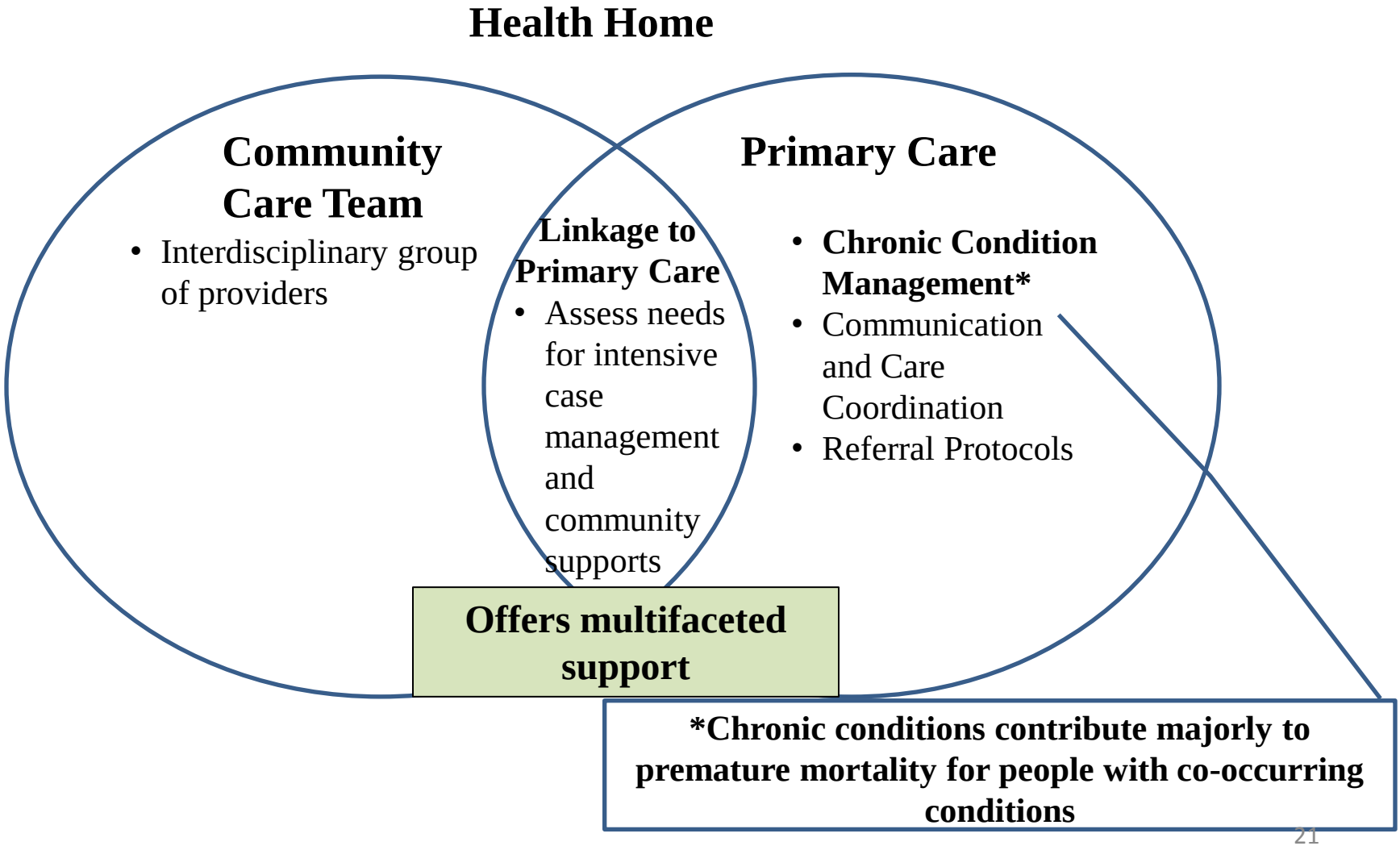
Billing Prov Name: ST. JOSEPH HOSPITAL

		VISITS	MEMBERS	VISIT RATE	NORMALIZED COST	PMPM
ER VISITS	**11 Months Pre-Intervention**	81	116	0.70	$169,237.64	$1,458.95
	6 Months Pre-Intervention	121	122	0.99	$183,911.29	$1,507.47
	Start Month	174	120	1.45	$219,827.82	$1,831.90
	6 Months Post-Intervention	98	104	0.94	$160,801.45	$1,546.17
	12 Months Post-Intervention	55	86	0.64	$135,113.05	$1,571.08
	18 Months Post-Intervention	38	64	0.59	$107,952.24	$1,686.75

VISITS - The total number of ER visits made by program members at the specified point in the intervention process.
MEMBERS - The total number of members with an ER visit or a paid claim at the specified point in the intervention process.
VISIT RATE - The average number of visits per member at the specified point in the intervention process. (VISITS/MEMBERS)
NORMALIZED COST: The total normalized cost of paid claims at the specified point in the intervention process. Costs are normalized to adjust for situations where a member has an unusually high cost month. It is likely that an unusually high cost month is due to an acute health situation that would make an an ER visit necessary and appropriate.
PMPM: The normalized cost per member per month at the specified point in the intervention process. (NORMALIZED COST/MEMBERS).
NOTE: The above data represents member outcomes at the specified point in the intervention process. It does not represent aggregate data for multiple months or data for a single calendar month.
Includes Claims Data Through November, 2016
For questions about this report, please contact Tracy Emerson at (207) 624-4014

Health Homes (HH): A Holistic Approach to Care

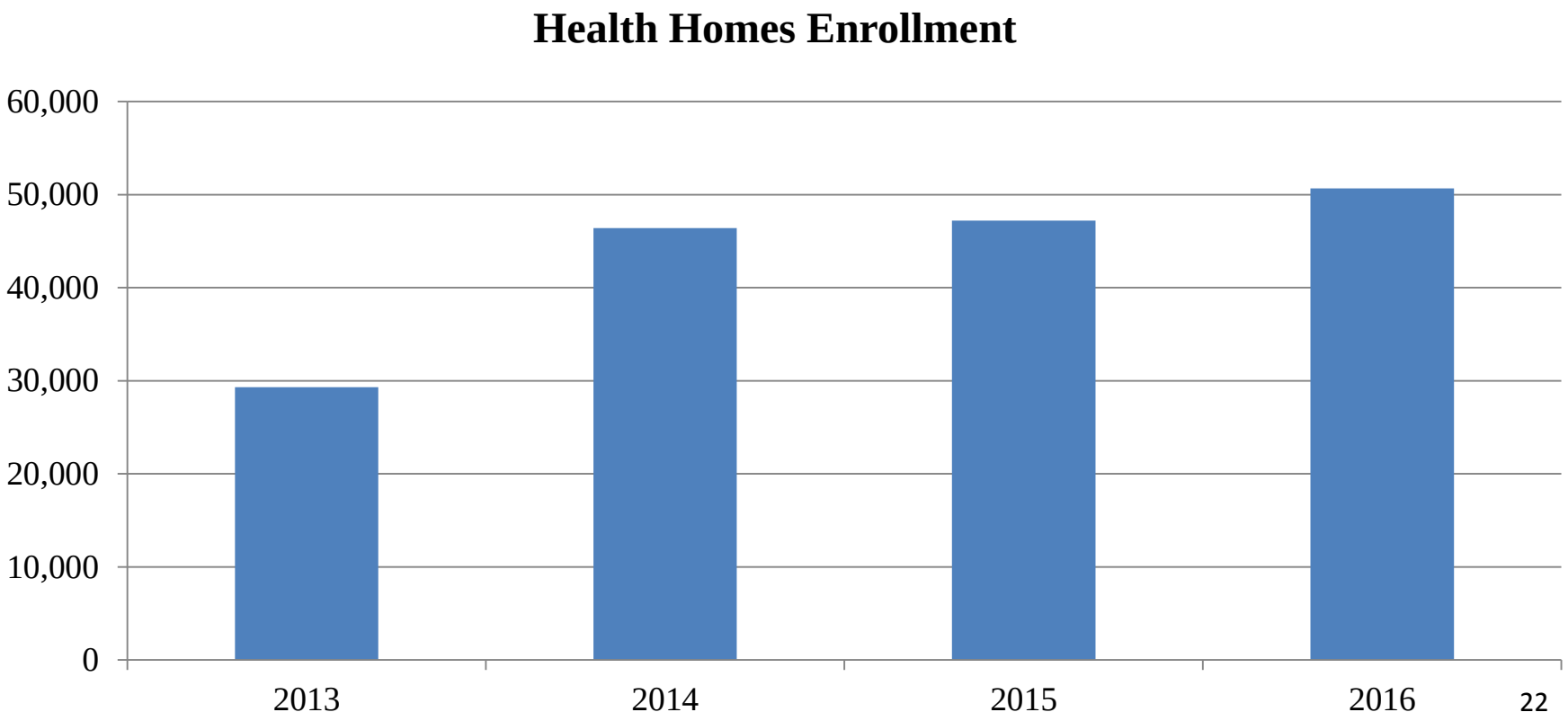
The Health Homes initiative coordinates the total care of the individual through a primary care-centered approach.



Health Homes (HH)

Health Homes began in 2013, targeting individuals who have two or more chronic conditions or are diagnosed with one or are at risk of another.

It includes 177 primary care practices and 10 Community Care Teams, covering over 51,000 MaineCare members.

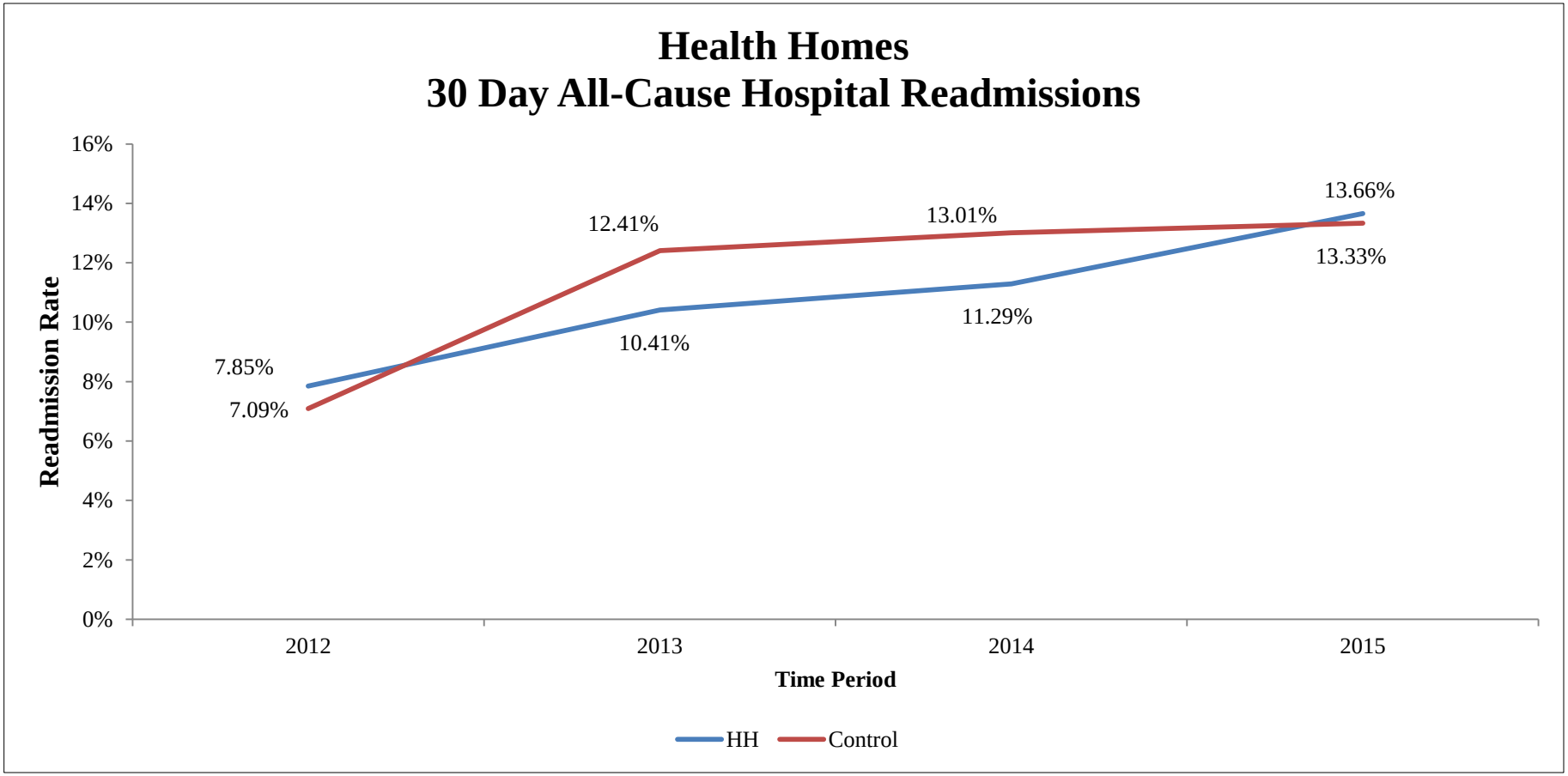


Quality and Effectiveness: Health Homes

Percent Change Pre vs. Post

Core Metric	Health Home	Control	Desired Outcome
Non-Emergent ED Use	-24.7% ✓	-14.2% ✓	Decrease
30 Day All-Cause Hospital Readmissions	+74% ✗	+87.9% ✗	Decrease
HbA1c Diabetic Screening	-5.7% ✗	-5.8% ✗	Increase
Follow-up After Hospitalization for Mental Illness	+18.1% ✓	+28.7% ✓	Increase

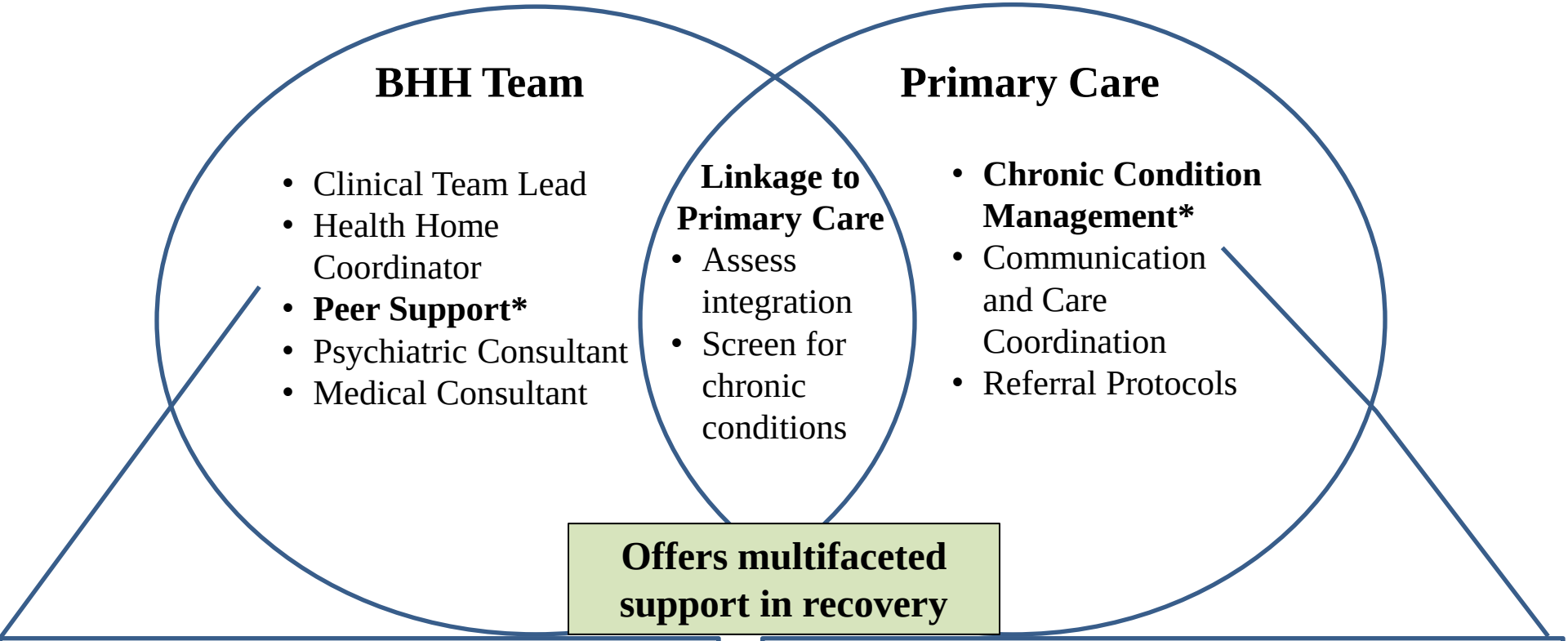
Quality and Effectiveness: Health Home Quality Measure Trends



30 Day hospital readmissions exhibited an increasing trend for both the HH and control groups over the study period. This increase was not statistically significant

Behavioral Health Homes (BHH): A Holistic Approach to Care

In 2013, 57 percent of all substance abuse treatment admissions also had a diagnosed mental health disorder.



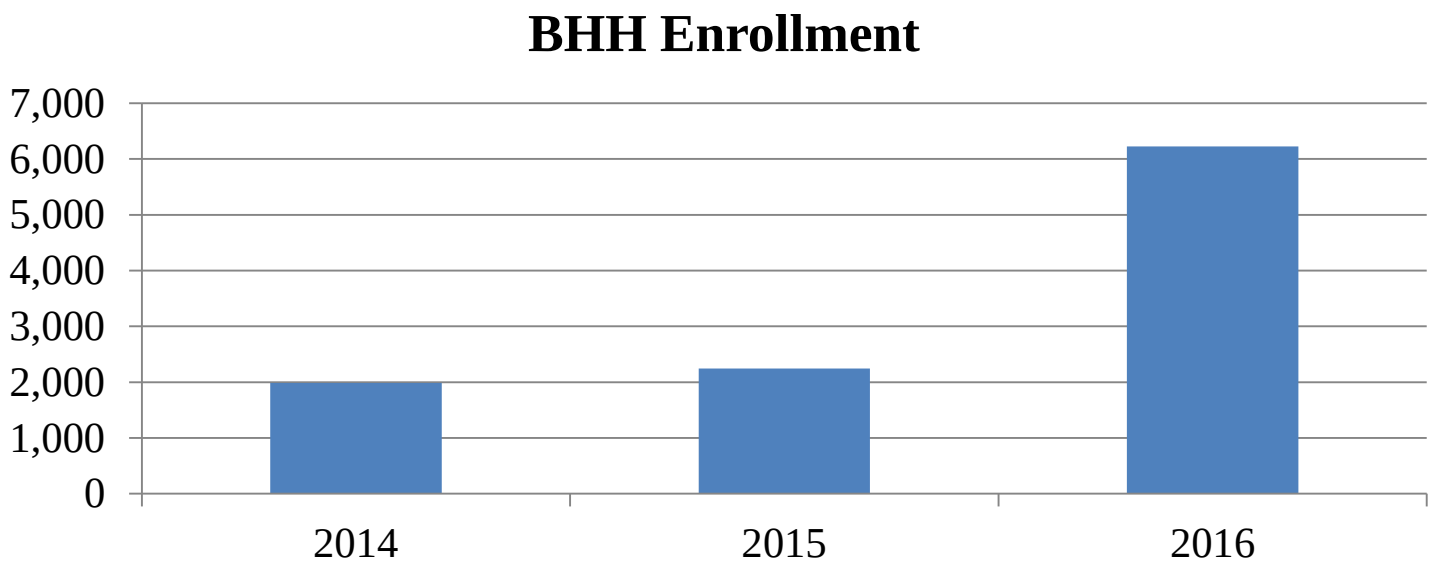
***Research show that peer support facilitates recovery and reduces health care costs**

***Chronic conditions contribute majorly to premature mortality for people with co-occurring conditions**

MaineCare Behavioral Health Homes (BHH)

The BHH program began in April 2014, targeting individuals with Serious and Persistent Mental Illness (SPMI) and children with Serious Emotional Disturbance (SED). There are currently 33 organizations involved, with over 100 locations around the state, covering almost 7,000 members.

Combined, these initiatives have saved approximately $3.6M (state and federal) since inception.

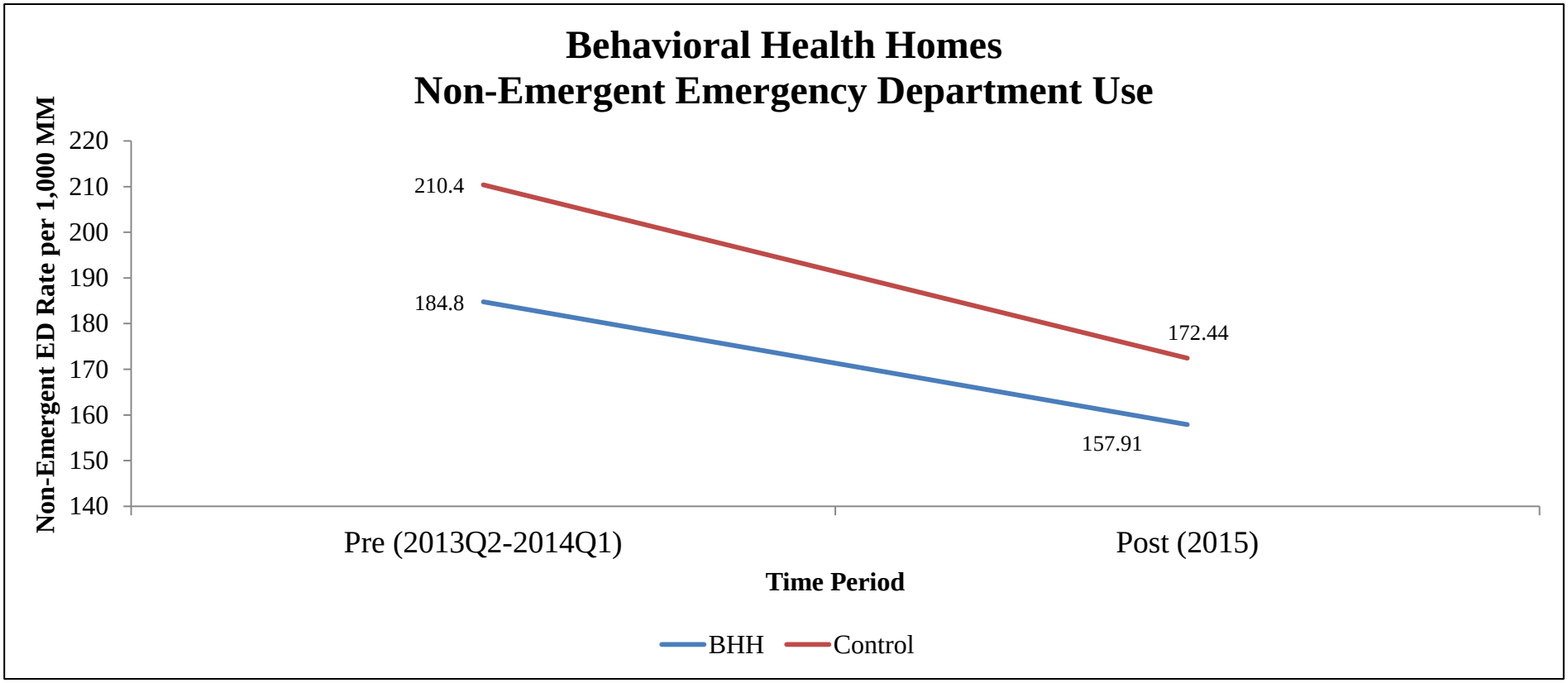


Quality and Effectiveness: Behavioral Health Homes

Percent Change Pre- vs. Post-

Core Metric	BHH	Control	Desired Outcome
Non-Emergent ED Visits	-14.5% ✓	-18% ✓	Decrease
Follow-up After Hospitalization for Mental Illness	8.8% ✓	2.3% ✓	Increase
30 Day All-Cause Hospital Readmissions	-10.8% ✓	+16.5% ✗	Decrease
HbA1c Diabetic Screening	-9.3% ✗	-1.4% ✗	Increase

Quality and Effectiveness: Behavioral Health Home Quality Measure Trends



- Compared to the BHH group, the control group exhibit higher rates of ED use overall.
- Non-emergent ED use rates declined for both BHH and control groups with the control group declining at a slightly faster rate. Trend is not statistically significant.

MaineCare: Accountable Communities (AC)

Background

The AC initiative was implemented on August 1, 2014.

Through this initiative, the Department is engaged in shared savings arrangements with provider organizations that commit to coordinating the care of all patients who rely on those organizations as their point of access to healthcare services. ACs that demonstrate cost savings and meet quality performance benchmarks will share in savings generated under the model.

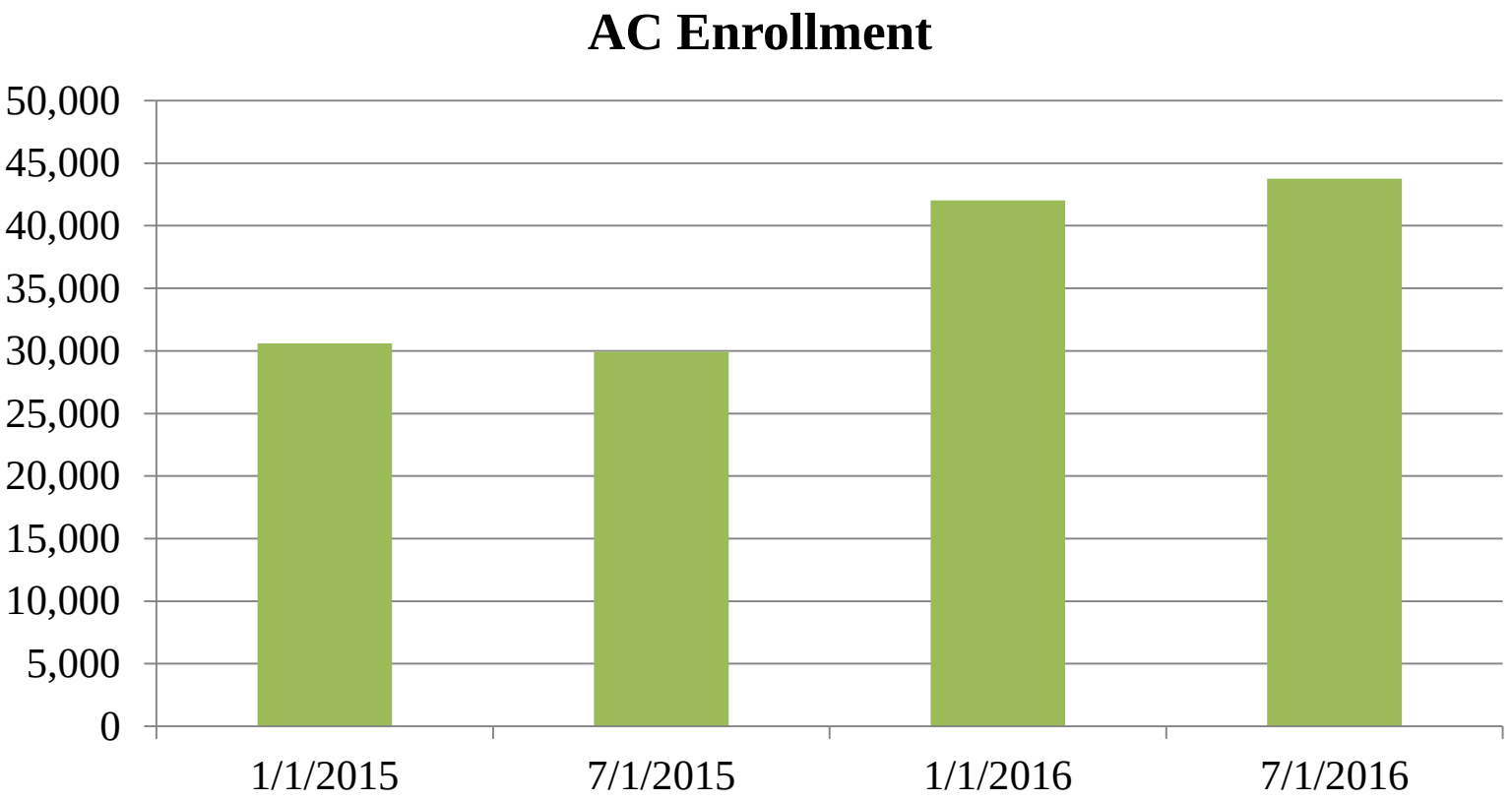
There are four (4) lead entities of this initiative:

1. Community Care Partnership of Maine, LLC
2. Beacon Health, LLC
3. MaineHealth Accountable Care Organization
4. Kennebec Region Health Alliance

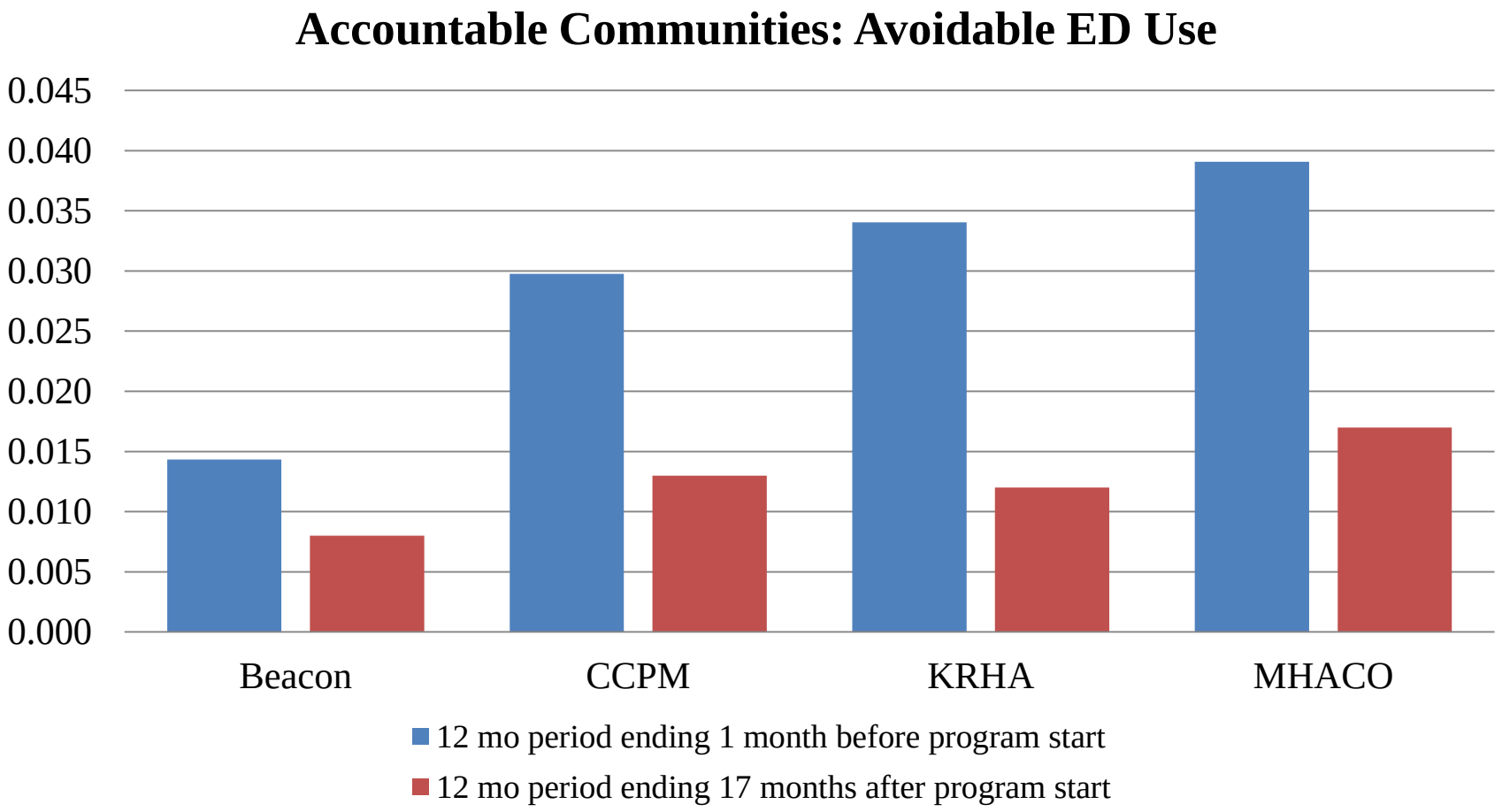
Approximately 52,000 members are currently attributed through these ACs.

MaineCare: AC

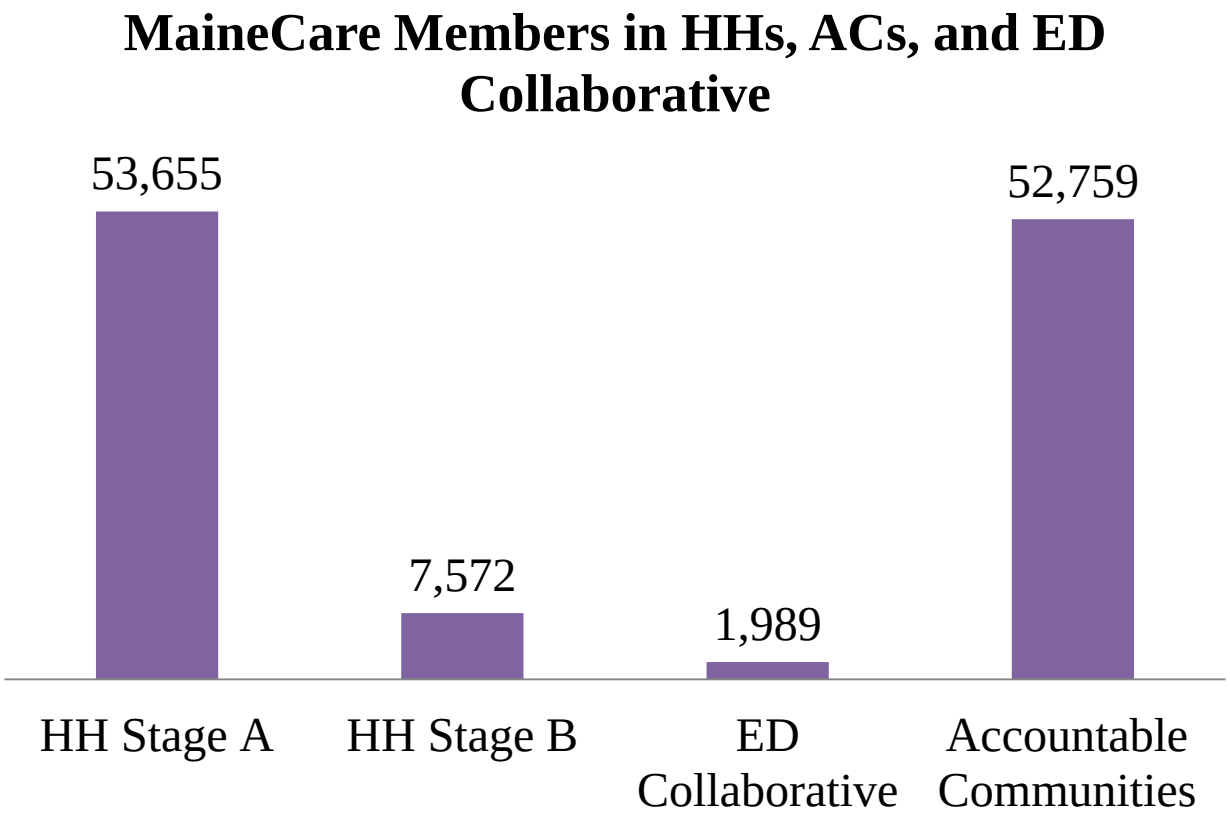
During the initiative's first year (August 2014 – July 2015), there were 28 participating practices. By the end of FY16, there were 67 participating practices.



MaineCare: AC



MaineCare: Members Impacted by VBP Efforts



MaineCare: Pharmacy Management

Background

- Pharmacy Care Management (PCM) was implemented on October 1, 2013. It is a program that includes concentrated review of high cost drugs and drug classes. These are new "blockbuster" drugs that create the potential for increases in pharmacy costs (e.g. Sovaldi). Review includes contacting members and providers to ensure the full value of the therapy is attained and that meds are used as prescribed and in accordance with best practices.

- Change Healthcare has designated a pharmacist and support staff to review pharmacy claims and to intervene in certain circumstances. Interventions include calling patients and providers in situations where there is a lack of patient adherence to refills, where there are inappropriate dosages, and when patients are starting new medications.

MaineCare: Pharmacy Management

SFY16 Outcomes

- 1,811 members enrolled
- 136 medications covered
- Cost avoidance = approximately $700k per quarter

Disease states covered include Hepatitis C, cancer, HIV, MS

Reasons for interventions include: poor adherence, inappropriate dosages, duplicate therapy, gap in therapy, drug interactions, duration, new starts on meds, waste, billing errors, and eligibility changes. New starts and adherence to prescription instructions represent the two most significant reasons for interventions.

MaineCare: Operations/Organization

Approximately 150 employees comprise the staff of the Office of MaineCare Services.

Administration

The **Business Analytics and Data Management** unit provides stakeholders with reliable, timely and accurate program and financial information, delivering operational support and strategic insight. The group focuses on data reporting by producing ad hoc data requests and conducting analysis as requested by the Legislature, management, other agencies and external sources.

Communications and training is responsible for all of the office's internal and external communications, and providing training opportunities for new staff as well as ongoing professional development for all staff. On at least a weekly basis, this unit sends a listserv message to approximately 8,530 professionals, informing them of policy changes, system updates and issues, and important information about MaineCare's many initiatives. The communications team is also responsible for developing and distributing easy to understand information for MaineCare members about the services they receive and any changes that may be happening.

MaineCare: Operations/Organization

Operations

The Operations Division is primarily responsible for oversight of claims payment activity and outreach and support to the provider community, privacy and security, and quality assurance activities. The individual units include:

The **Claims and Adjustment Units** work with providers and MaineCare's fiscal agent to resolve claims payment issues and questions.

The **Provider Relations Unit** works closely with MaineCare providers on escalated claims adjudication issues, billing questions, policy clarification, and various training opportunities. There are over 6,200 providers enrolled with MaineCare.

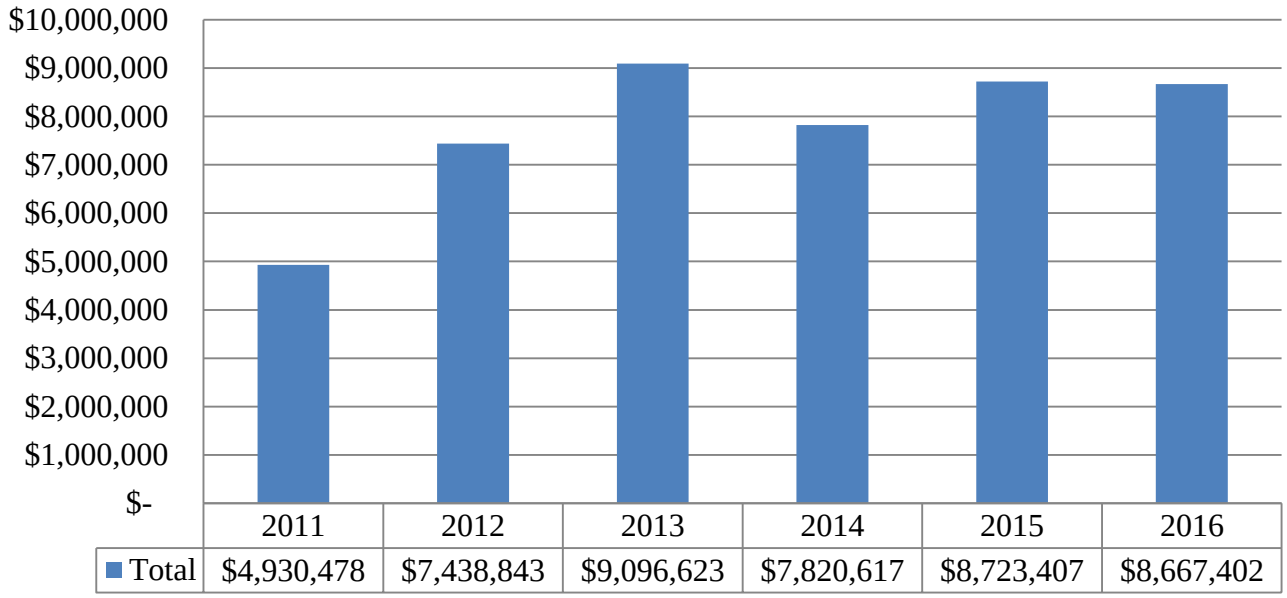
Third Party Liability, including Estate Recovery, Casualty Recovery and Pay and Chase activities, secures reimbursement from liable third party payers or MaineCare recipients when MaineCare enrollees or their family members have other insurance coverage, are injured in an accident, or have assets that should be used to pay down expenses reimbursed by MaineCare.

MaineCare: Operations/Organization

Operations

Third Party Liability, including Estate Recovery, Casualty Recovery and Pay and Chase activities, secures reimbursement from liable third party payers or MaineCare recipients when MaineCare enrollees or their family members have other insurance coverage, are injured in an accident, or have assets that should be used to pay down expenses reimbursed by MaineCare.

TPL Recovery Totals, State Funds, 2011-2016

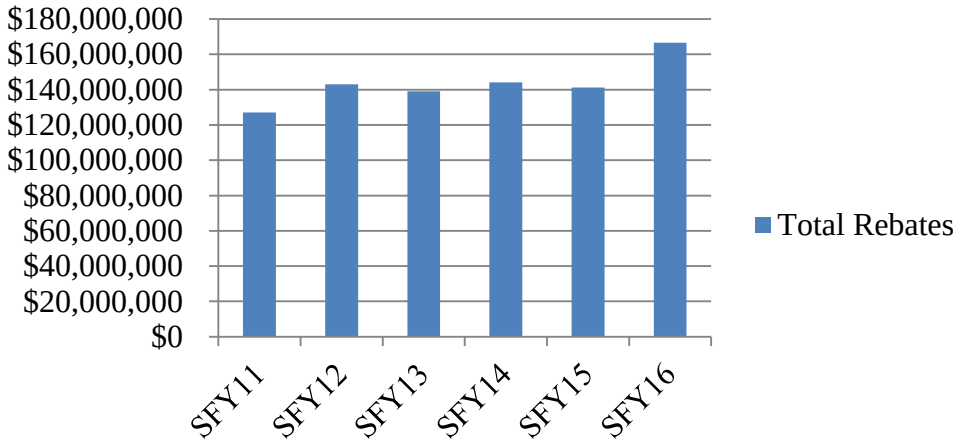


	2011	2012	2013	2014	2015	2016
Total	$4,930,478	$7,438,843	$9,096,623	$7,820,617	$8,723,407	$8,667,402

MaineCare: Operations/Organization

The **Pharmacy Unit** manages the Pharmacy Help Desk, assisting members with Medicare Part D enrollment, maintains the Preferred Drug List (PDL), and oversees MaineCare's Drug Rebate program. The Drug Rebate Program involves CMS, state Medicaid agencies, and participating drug manufacturers to help offset the federal and state costs of most outpatient prescription drugs dispensed to Medicaid patients. Approximately 600 drug manufacturers currently participate in this program. Drug manufacturers enter into a national rebate agreement with CMS and each calendar quarter, rebate invoice are created and mailed to each manufacturer whose product was paid for with Medicaid funds. The invoices are based upon the quantities of drugs dispensed by pharmacies and providers to eligible Medicaid recipients and paid for by Medicaid. These rebates are paid by drug manufacturers and are shared between the states and the federal government.

Drug Rebates, All Funds, SFYs11-16



MaineCare: Operations/Organization

Policy

This division develops rules and regulations, defines the scope of coverage, maintains the Medicaid State Plan to incorporate administrative and legislative changes into the Medicaid program, and submits waiver requests to the federal government that supports the State's desire to adopt innovative solutions to coverage issues. This division works with the federal Centers for Medicare and Medicaid Services (CMS). In 2014, this unit promulgated 30 rules. To date, in 2015, this unit has proposed 13 and adopted 12 rules.

HealthCare Management & Strategic Initiatives

HealthCare Management ensures services and benefits meet established standards of medical necessity and are beneficial to the member. The division is responsible for Maine's **Case Mix** system and for the determination of medical eligibility of certain MaineCare members. HealthCare Management handles **Prior Authorization** for certain medical services and items of durable equipment, as well as services provided out of state.

The **Strategic Initiatives** unit focuses on MaineCare's Value-Based Purchasing (VBP) strategy, which consists of a set of inter-related reform efforts designed to drive better care and increased accountability. This includes the Emergency Department (ED) Care Collaborative, Health Homes, and Accountable Communities. These initiatives, and other related efforts, are further described later in this document.